

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: April 4, 2007

Bill Number: H.B. 3210

Authors: Sandifer and Whitmire

Committee Requesting Impact: House Ways and Means

Bill Summary

A bill to authorize the governing body of a county to provide for a homestead property tax exemption sufficient to equal one hundred thousand dollars, including the statewide homestead property tax exemption amount, of the fair market value of the dwelling place of a person who has been a resident of this state for at least one year and has reached the age of sixty-five, a person who is classified as totally and permanently disabled, or a person who is legally blind, and to make the eligibility requirements of the statewide homestead exemption apply mutatis mutandis to the property tax exemption adopted by the governing body.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. If all counties adopt an ordinance local property tax revenues will decrease by \$98,675,041 as a result of increasing the homestead exemption to \$100,000. \$46,377,269 will be offset from the effects of Act 388 of 2006. The net result will be \$52,297,772 of lost property tax revenue if all counties adopt an ordinance to increase the homestead exemption to \$100,000 in Fiscal Year 2007-08.

Explanation

Under current law the first fifty thousand dollars of the fair market value of the dwelling place of a person is exempt from county, municipal, school, and special assessment real estate property taxes if that person has been a resident of this State for at least one year and has reached the age of sixty-five years on or before December thirty-first; has been classified as totally and permanently disabled by a state or federal agency having the function of classifying persons; or is legally blind as defined in Section 43-25-20. This exemption is reimbursed by the State. We project the State will reimburse local governments \$174,045,544 in FY 2007-08 to fund this current exemption. This bill will allow a county, by ordinance, to grant an additional homestead exemption to these persons up to one hundred thousand dollars of the fair market value of the home. Beginning in Tax Year 2007, all school operating property taxes on owner-occupied homes will be eliminated by Act 388 of 2006. If all counties adopt an ordinance local property tax revenues will decrease by \$98,675,041 as a result of increasing the homestead exemption to \$100,000. \$46,377,269 will be offset from the effects of Act 388 of 2006. The net result will be \$52,297,772 of lost property tax revenue if all counties adopt an ordinance to increase the homestead exemption to \$100,000 in Fiscal Year 2007-08.

/s/ WILLIAM C. GILLESPIE, Ph.D.
William C. Gillespie, Ph.D.
Chief Economist

Analyst: Gibson

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.